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CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

MAY 7 1990

WHY IS THIS MAN SMILING?

GUIDES GET SERIOUS

LO GROWS UP

NCTA EQUIPMENT PREVIEW

Prime Cable's Jerry L

CableVision

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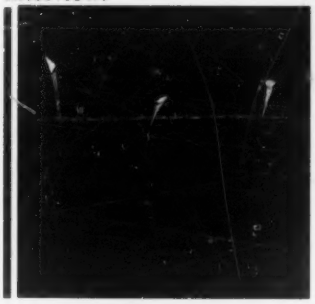

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ABP BPA

Guides Get Serious

The race to lead the pack of TV listing magazines just got faster

By Steve Weinstein

Warner Cable's award-winning *Channel Guide* for its Ohio properties, handled through J.D. Publishing Inc. from Glendale, Wisconsin

When TVSM took over Cable Publications Inc., publisher of *TV Entertainment*, at 5:30 p.m. on April 4, it marked a new phase in the cable guide wars. Standing directly in the line of fire is *TV Guide*, which is fighting to establish a relationship with cable operators, *TV Host*, which offers operators eight different formats to choose from, and several smaller regional and boutique publishers.

The acquisition put a single company in control of 75 percent of the cable guide industry. It also positions the company nicely to emerge a major player no matter what kind of guide or guides the cable industry finally decides is best, now that guides play a major role in marketing basic services to consumers.

In addition to owning *TV Entertainment*, TVSM publishes another established monthly, *Cable Guide* and a newly-launched weekly, *TV Time*, which is challenging *TV Guide* in San Diego and Long Beach, Calif.

At the helm of the TVSM ship is publisher Alan Wragg. "We've become the thousand-pound gorilla in the business," he says. "We're very aggressively pursuing other major systems we're not now serving."

Freebees Losing Favor

At issue in the guide race is what's best for cable viewers—and operators—in a continually expanding TV environment. The weeklies are putting pressure on the more established monthlies, especially those that are still distributed free as a promotional device by operators.

"(Free) cable listing guides are receding because they're expensive for the cable operator" maintains Charles Kinsolving, senior vice president for marketing at the Newspaper Advertising Bureau—a not disinterested observer. "Obviously it comes out of the bottom line somehow."

The trend away from freebees is in evidence at TVSM. One-third of subscribers to its monthly, *Cable Guide*, pay for it, according to TVSM senior vice-president Irv Kalick, while 80 percent pay for *TV Entertainment*, which will remain a separate publication for the foreseeable future. "We're comfortable with the merger," says Bob Thomson, vice-president of Tele-Communications Inc., a major supporter of *TV Entertainment*. "The new owners paid a call on our management and reassured them."

Monthly cable guides also suffer from syndex changes and last-minute program announcements, especially if they cover broadcast (independent stations are notorious for last-minute schedule changes).

TV Host, with 2.3 million subscribers, runs a distant second to TVSM, which goes to 11.3 million subscribers, in the system-specific race. To meet the varied needs of the systems it serves, *TV Host* has been publishing in three frequencies: monthly, weekly and most recently, twice-monthly in Baltimore.

Fine-Tuning Frequency

Twice-monthly offers a transition between free monthlies and paid weeklies, says David Stefanic, presi-

dent of *TV Host*, who adds that subscribers don't want to pay more than $20 a year for a guide.

The weeklies offer the advantage of being paid for by subscribers and of offering more up-to-date listings. They haven't yet proven, however, that subscribers are willing to pay for the extras they bring. In one of the publishing industry's most famous flops, Time Inc. lost $47 million in 1983 when it tried to sell systems *TV Cable Week*, a system-specific guide.

TVSM is now a "1,000 pound gorilla" among guides, says publisher Alan Wragg

Since then, printing and information-gathering technology have improved to the point that guides are routinely system-specific; that is, they tailor their listings so that programs are identified by channel number, not network.

System operators like the promotional *aspect* of system-specific guides. Paul Gregg, vice president of sales and marketing at Times Mirror's Cable Television, says he likes the fact that there are no "conversion pages" for channel-to-system. "We want to be as user friendly as possible," he adds.

Guides like *TV Time* and *TV Guide* also include broadcast listings, while many monthlies, like *Cable Guide*, do not. Including broadcast not only makes the guides more comprehensive but adds to the viewer's sense that cable is an integral part of the TV mix.

Postage is also a factor. As operators have added new channels, bulky monthly guides have become more expensive to mail. It costs less than 10 cents to mail a 170-page copy of Viacom Cablevision's monthly Milwaukee guide, according to J.D. publisher Michael Drescher, while weeklies can often qualify for a much cheaper newspaper rate. But because of their frequency, weeklies cost more to mail overall. "That's why we didn't take on *TV Guide*," says Hugh Jencks, general manager of Booth Communications in Birmingham, Mich., which contracts with *Cable Guide*.

Operator Interest Grows

"For years, we were trying to introduce weekly system-specific guides to other systems," *TV Host*'s Stefanic says. "The industry was basically growing from a pay standpoint and wasn't interested in system-specific weeklies. They felt *TV Guide* and newspapers were doing an adequate job. Now, all of a sudden, the industry recognizes they need system-specific guides. Why? The hype flattened out."

Another reason operators tend to prefer system-specific guides is that they make it easier for subscribers to find newly introduced channels. Viewers need program information if they are to sample shows; but new channels can be difficult to find on a crowded cable dial.

TV Guide isn't system-specific, but it scored a hit two years ago when it launched system-specific guides in the huge Brooklyn, Queens and Staten Island boroughs of New York, just as they were being wired.

TV Guide Tactics

TV Guide is now expanding aggressively into cable systems. But the giant weekly, which Rupert Murdoch bought for $3 billion two years ago, received a setback when Times Mirror in Phoenix recently scrapped well-developed plans to use *TV Guide* in favor of picking up *TV Time*.

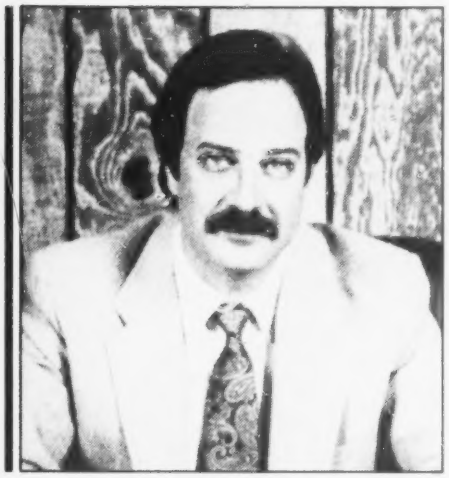
"When it was time to renew the relationship, we looked at other things out there," Gregg recalls. On March 31, Times Mirror launched *TV Time* in Glendale, a Phoenix suburb, to a "terrific response," Gregg says, "partly because there wasn't a guide available."

"Obviously, we're disappointed," admits *TV Guide* President Joseph Cece about losing Phoenix, where *TV Guide*'s entry had been heavily promoted prior to Times Mirror's sudden switch to *TV Times*. "The way *TV Times* was introduced into the system, we think, leaves something to be desired."

Because of increased competition, TVSM will no longer announce its new markets prior to launching in them. "It doesn't make sense for me to reveal my marketing so they can go around throwing marbles on the floor," Wragg says.

Broadcast Bias?

Certainly, *TV Guide* is the better known of the two. But that cuts both ways. *TV Guide* has to persuade operators that it isn't a broadcasting organ. Executives at Premium Channels, which publishes guides to pay services, maintain that *TV Guide* has featured pay cable programs on only



System-specific guides are in, advocates *TV Host* president David Stefanic

two of its covers.

Cece counters that *TV Guide* offers more complete cable listings than *TV Time*. "Despite *TV Time*' being touted as a cable book, we do a much better job on cable than they do." *TV Guide* listings, he adds, include content descriptions. *TV Time*, Cece insists, is "very poor on basic cable, contrary to the myth they like to perpetrate."

In New York City neighborhoods, *TV Guide* offers a "rolling grid" in the log that places channels in two separate systems. As a newsstand-based publication, it is locked into a market-specific listing only. Cece maintains that it is more important to be informative than system specific. "People don't go to a TV set and say, I'm going to watch cable TV tonight."

"We love to do it in major markets where there is a large enough base for cable systems that have aligned numbers," he says. "But if somebody thinks the Holy Grail is channel specificity, he's missing the point."

Being system-specific can get expensive. Manhattan Cable already must send out two guides: one for rebuild areas, and another for older channel capacity customers.

Cece does not believe it is not economically feasible to publish for less than 30,000 circulation. But James Mazzocchi, publisher of *Cable Viewer* in Holyoke, Mass., sends out system-specific guides to systems as small as 3,000 subscribers for only 60 cents per copy.

Grids Get Giantic

Regardless of frequency, increased channel capacity is beginning to make complicated grid schedules resemble computer printouts. "Monthly guides are diluted," says Richard Wilen, whose *Premium Channels* is a freestanding pay guide most often inserted into monthly billing statements. "They're a bigger package, but they're filled with air. The customer is not finding the information he wants."

Even Wragg admits that eventually, "We're going to have to be selective. We're able to do 40 channels," Wragg says, "not 108". Only three systems, all in the New York area, now receive a free, monthly guide that includes all of the basic channels as well as pay. In April, this guide contained 216 pages of program information. *TV Guide* is looking into a larger format to accommodate more channels, Cece adds.

Cable channels themselves are doing a better job of sending out program information to interested viewers. A&E, TNN, Discovery, Movietime, ESPN and MTV now put out monthly channel guides, with Nickelodeon following this summer and others looking into it.

These publications have evolved into full-fledged magazine guides. A&E's guide, over three years old, expanded into a magazine with national ads and features last June. Although Paulette McLeon, *A&E Guide*'s editor, admits that it is supplementary to other guides, it offers more comprehensive program information. Besides, *TV Guide* won't even list a basic cable network unless it breaks 50 percent penetration in a market area.

On-Air Alternatives

On-air guides like The Weather Channel's Prime Time Tonight offer viewers another alternative to guides. Prime Time Tonight has grown to 7 million by March. Unlike a rolling grid, it has the advantage of not taking up a channel slot, since it tags along the weather reports every half-hour.

On-air guides are useful for grazing, according to Jim Humphreys, general manager of Prime Time Tonight, and so reach younger viewers. His service appeals to the "spontaneous nature of viewers zapping around." He compares it favorably to rolling grids: "We catch them when they're ready to decide."

Premium Channels experimented with a VCR-oriented magazine in 1987 to facilitate a viewer's recording schedule. The reader could take out a stamp and affix it to a fold-out

GUIDE GAME'S MAJOR PLAYERS

	Circulation	Frequency
TV Guide	16.4 million	weekly
TVSM	11.3 million	monthly/weekly
Cableview	8.0 million	montly
Premium Channels	4.1 million	monthly
TV Host	2.3 million	monthly/twice-monthly/weekly

'Monthly guides are a bigger package, but they're filled with air. The customer is not finding the information he wants.'

— Premium Channels publisher Richard Wilen

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MEDIA INTELLIGENCE

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calendar. Executive vice president Steve Goldmintz attributes its failure to technical and logistical problems; Wilen says the industry itself protested and the public was apathetic about recording.

Supplements Still Challenge

Since most cable subscribers get a metropolitan Sunday paper, TV logs in newspapers present a very real challenge to the paid weeklies, especially since they come "free" with the paper. To increase their attractiveness to national cable advertisers, newspapers recently agreed to adopt six standard sizes for TV log ads.

"Yes, we're in competition with them," the Newspaper Advertising Bureau's Kinsolving says of the cable guides. An NAB survey showed that in 88 percent of surveyed households, the Sunday supplement "sits on the TV set until next week."

Jones Intercable in Denver works with, not against, newspaper logs. "In markets where there is no good local guide through the newspaper, we offer our guide," says John Mathwick, group vice president. "It's market-driven. If there's a good newspaper log, we go along with it. It's allowed us to back away from pushing the guide business."

The nation's largest cable system began its own weekly guide in 1987 just as the dominant local newspaper began its highly successful Sunday insert. Long Island's Cablevision and *Newsday* were originally meant to be partners. But Cablevision

'All of a sudden, the industry recognizes they need system-specific guides. Why? The hype flattened out.'

— TV Host president David Stefanic

snatched away *Newsday*'s TV editor and a respected TV critic.

Newsday responded by printing its log with a glossy cover to make it look more like a magazine, a highly unusual move for a daily that owns its own press. 'It is tough road to plow, getting people to pay for a weekly book,' admits Maggie Melluso, *Total Television*'s editor.

Newsday's $1.25 price compares favorably with $2.95 a month ($3.85 for systems outside of Long Island) for *Total Television*. On the other hand, *Newsday* is not system-specific for cable channels.

Today, Cablevision's *Total* reaches 140,000 subscribers in three systems, including other Metro New York systems, while *Newsday's TV Plus* goes to its 700,000 Sunday subscribers. *Newsday*, however, is not system-specific.

Monthlies are "diluted," acccording to Premium Channels publisher Richard Wilen

Small Players, Big Business

In other markets, local guides have the firmly entrenched loyalty of local operators. *Cableviews*, for example, is a 65,000-paid-circulation weekly that goes out to three major cable systems in Cleveland. In fact, it outsells *TV Guide* two-to-one in that market, according to *Cableview* publisher Tim Veleck. Even more unusual for a system-specific guide, 65 percent of sales are newsstand, with only 45 percent from subscriptions. "*TV Time* is not a problem for me, because I have been entrenched in the marketplace for a while," he says.

With weeklies increasing advertising and subscription revenue, other publishers may enter the field. Wilen, for example, tried a weekly during the *TV Cable Week* fiasco, but says he's "talking to people about doing weeklies right now." ■

24 YEARS OF COMMITMENT

Back in *1966*, March 17th to be exact, *TV HOST, INC.* launched the very first *WEEKLY CABLE GUIDE* in Harrisburg, Pennsylvania. This weekly guide was totally subscriber and advertising supported then as it continues to be today. It was a major innovation of its time, not flashy — just practical, affordable and complementary to the new industry it served.

In July *1981, TV HOST* launched a new magazine-sized *MONTHLY PROGRAM GUIDE* offering premium and satellite programming consolidated in one easy-to-use format.

In April *1988*, the first multichannel *PAY-PER-VIEW GUIDE* was published for operators offering several different pay-per-view services in their systems.

In December *1988, TV HOST* purchased TV Listing Group, Inc., a national distributor of *TELEVISION PROGRAM LISTINGS*. TV Listing's extensive programming database provides television listings throughout North America. This enables *TV HOST* to provide even more accurate listings while maintaining the commitment to producing an excellent program guide.

On November 1, *1989, TV HOST* published a brand new *TWICE MONTHLY* frequency cable and broadcast-complete magazine for cable viewers. Again, it's a totally new concept, supported by subscriptions and advertising. Why twice monthly? Because it is a better answer to the needs of today's cable subscriber and the cable operator.

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Nearly 40 percent of systems offer PPV, but few use impulse ordering technology

by Kathy Haley

Pay-per-view continues to grow, but use of barker channels, considered critical to aggressive marketing, has fallen some since a year ago. According to a survey of cable operators conducted in early February, CSRs handle the orders in nearly 60 percent of the systems offering PPV.

The survey, commissioned by *CableVision* and Midwest CATV, found that 37 percent of the 396 reporting systems now offer PPV. It also found that the bigger the market, the more likely it is to have PPV available. While 72 percent of responding systems serving more than 50,000 subscribers offer PPV, only 21 percent of those serving fewer than 10,000 subs do so. Fifty-four percent of systems serving between 10,000 and 50,000 subs offer PPV.

Number 4 in a series of eight

But while PPV is up nine percentage points from a year ago, use of barker channels, which many PPV marketers maintain is their most important tool, is down. Only 49 percent of reporting systems use a barker channel, compared with 58 percent in early 1989.

Sporting events remain the big draw in PPV, according to survey respondents, 81 percent of whom said sports drew the biggest buy rates. In fact, sports gained some in its lead over other programming categories from last year's survey, when 64 percent of respondents reported sports as their best seller.

Movies drew the second most votes for best programming type. Sixteen percent of operators ranked it their hottest seller, down from 35 percent in 1989. Concerts earned no votes for best programming category.

When it comes to taking orders for PPV, only 14 percent of those surveyed are using impulse technology. Another 18 percent use automated number identification systems (ANI) and 59 percent use their customer service representatives.

Systems with fewer than 10,000 subs reported the most use of CSRs for order taking. While 79 percent of those use CSRs, 2 percent use ANI and 7 percent use impulse. Among systems serving between 10,000 and 50,000 subs, 57 percent use CSRs, 23 percent use ANI and 15 percent use impulse.

Thirty percent of systems serving more than 50,000 homes use CSRs while 35 percent use ANI and 17 percent use impulse.

Of the 63 percent of systems that do not offer PPV, 32 percent told the Cable Poll™ survey they are "technologically incapable" of doing so. Another 17 percent claimed it would "not be profitable" to do so and 26 percent said the hardware necessary "is too expensive." While 29 percent of small systems gave expense as their reason for not offering PPV, none of the systems serving more than 50,000 subscribers offered that as their reason for not doing so. Among the biggest systems, 14 percent said they are technologically incapable of offering PPV while another 14 percent claimed it would not be profitable. ■

Does your system own a barker channel?

	Total	Less 10K	10K -50K	Over 50K
Total	386	203	137	32
Yes	193	75	79	25
No	171	104	54	5
Don't Know	32	24	4	2

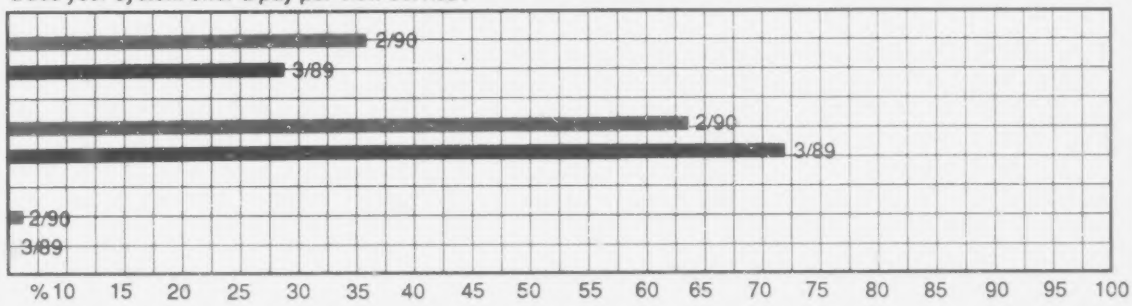
Does your system offer a pay-per-view-service

	Total	Less 10K	10K -50K	Over 50K
Total	396	203	137	32
Yes	148	43	74	23
No	245	159	63	7
Don't Know	3	1	0	2

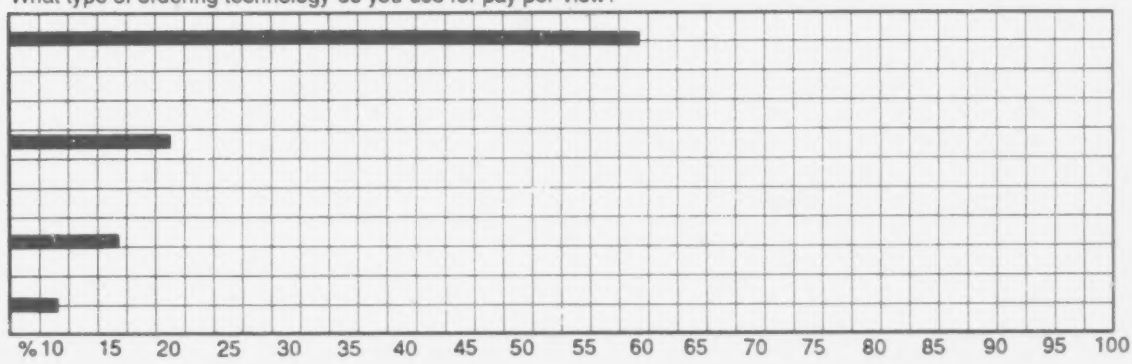
HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for Midwest CATV and *CableVision* magazine by Ryan/Samples Research Inc. Telephone interviews for this edition of the poll were conducted Feb. 1-15 with a random sample of 396 system management personnel obtained from CableFile Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

Adding up your answers:

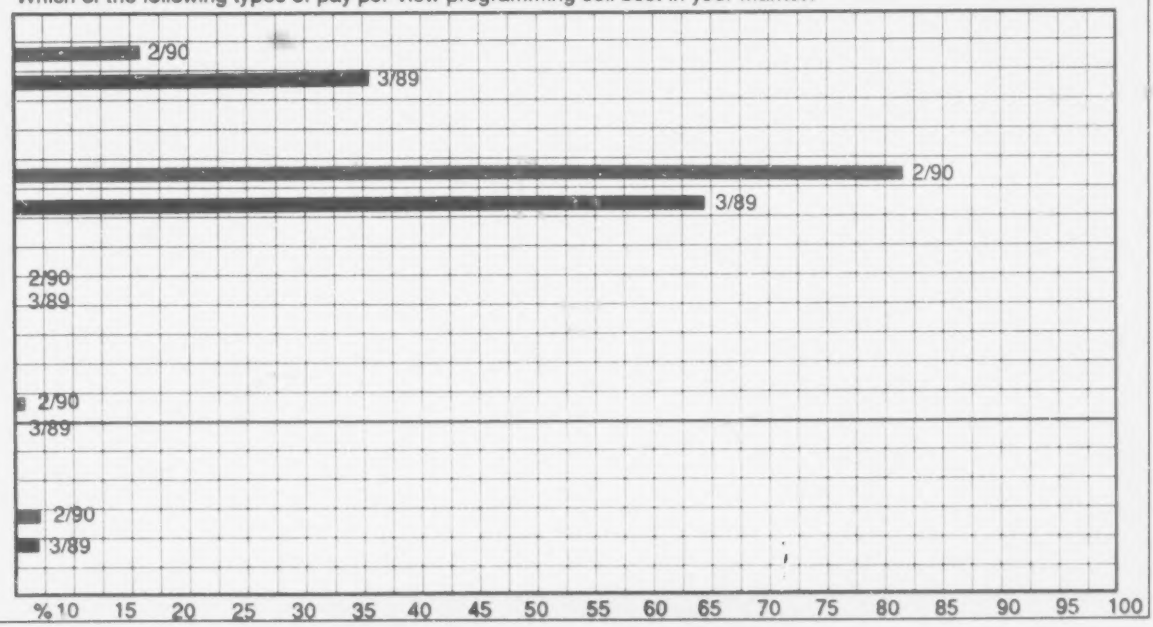
Does your system offer a pay-per-view service?



What type of ordering technology do you use for pay-per-view?


CSR (customer service rep)
ANI (telephone to system interface machines)
Impulse (through converters)
Dk/Na
%10 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100

Which of the following types of pay-per-view programming sell best in your market?



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